

[DATE]

The Honorable Robert E. Lighthizer
United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Ambassador Lighthizer:

We write today to urge you to develop an exclusion process for the latest round of tariffs imposed on Chinese imports under section 301 of the Trade Act of 1974. As you know, this list of targeted imports covers 6,000 tariff lines worth \$200 billion, resulting in import coverage that is nearly double that of all other tariffs imposed by the current administration. Perhaps even more concerning, the administration has stated that the ten percent duty rate for this list will rise to 25 percent on January 1, 2019, further increasing costs for U.S. consumers, workers, and businesses.

There is no doubt that China deploys aggressive economic and industrial policies, in part by breaking international norms and violating the rule of the law. As your agency's section 301 investigation found, Beijing's actions have significantly impaired the ability of American companies to expand and invest in China. We support the administration's effort to stop China's theft of American intellectual property via unfair practices like illicit cyber theft, forced technology transfers, restrictive licensing regimes, joint venture requirements, and other intimidation tactics. As such, we are encouraged that the administration has sought direct negotiations with China and has filed a complaint at the World Trade Organization (WTO) detailing how China has violated its obligations under the WTO's Trade-Related Aspects of Intellectual Property Rights (TRIPs) agreement.

However, we remain concerned that many of the section 301 tariffs imposed on Chinese imports will first and foremost have a negative economic effect on American consumers, businesses, and workers. Section 301 tariffs are direct taxes paid by U.S. importers, and are passed through as added costs to U.S.-based manufacturers and American consumers. Further, the section 301 tariffs have caused significant indirect harm in the form of retaliatory tariffs imposed by China on U.S. exports, including on numerous agricultural products.

American manufacturers should have access to a tariff exemption process so they can continue to source components and materials from China, particularly when there is no alternate supplier. To this end, we appreciated that USTR created an exclusion process for the first two lists of tariffs on Chinese imports imposed under section 301, which cover approximately 1,100 tariff lines worth \$50 billion. We are also appreciative of your agency's efforts to ensure that the exclusion process is fairly administered, including implementing product-wide exemptions, granting importers tariff relief retroactively to the date the tariffs went into effect, and allowing petitioners to file rebuttals to opposition comments.

We respectfully request that your agency extend this exclusion process to the latest list of Chinese imports. The exclusion process should be straightforward so that firms, including American small businesses, do not have to expend significant resources in order for their requests to be considered. Not only is the third tranche of section 301 tariffs more than four times the size of the first two lists combined, but it also contains a much higher percentage of consumer goods relative to intermediate and capital goods—including numerous goods that do not benefit from the “Made in China 2025” policy. In addition, the fact that the duties on these imports will rise from ten percent to 25 percent in January 2019 makes the implementation of an exclusion petition process both urgent and necessary.

We have all been contacted by numerous companies with significant presences in our states that import products on the third list of targeted Chinese products and are concerned about the lack of an exclusion process. The constituent companies who have already contacted our offices for assistance are listed below:

[LIST OF COMPANIES]

We thank you and the employees of USTR for working to pursue trade policies that will ultimately lower tariffs on consumers and make American businesses more competitive globally. We stand by ready to assist on this matter in any way that we can.

Sincerely,